



INDUSTRY CIRCULAR

DEPARTMENT OF
THE TREASURY

Bureau of Alcohol, Tobacco and Firearms

Washington, D.C. 20226

Number: 77- 12

Date: June 22, 1977

Reports of Wholesale Prices for Large Cigars

Manufacturers and Importers of Tobacco
Products and Others Concerned:

Purpose. This circular is issued to provide clarifying instructions concerning the submission of wholesale price reports by manufacturers and importers of large cigars.

Background. ATF recently issued Treasury Decision ATF-40 which, in part, added regulation sections 27 CFR 270.202(b) and 275.183. These new regulation sections, which became effective on February 1, 1977, require manufacturers and importers of large cigars to submit reports of new or changed wholesale prices. Since the effective date of these regulations, ATF has received many reports which either are not required or do not contain all the necessary information.

Format of Reports. The required report is simply a copy of each price announcement that, for his own purposes, a manufacturer or importer issues within his company or to the trade about establishment or changes of wholesale prices for large cigars. The required report is not something specially prepared for ATF.

A manufacturer or importer is not complying with reporting requirements if he submits a specially prepared report in lieu of a copy of the price announcement or if he submits a copy of the "basic record of wholesale prices" which manufacturers and some importers are required to maintain at their place of business. (See 27 CFR 270.187(a) and 275.181(a), and Industry Circular 77-4 for explanations of "basic record of wholesale prices." This record is not intended to be used as a report.)

Submission of Reports.

1. A manufacturer or importer must submit a report if he issues a price announcement to employees within his company or to the trade about the establishment or changes in wholesale prices. The report shall consist of one copy of the price announcement.
2. Manufacturers and importers, who issue retail price lists which do not show wholesale prices (e.g., price lists for sales made by mail to consumers), are not required to submit copies of these retail price lists. However, since the retail price lists are pertinent to the determination of tax, a copy is required to be kept at the business premises as part of the tax records relating to large cigars.
3. Manufacturers and importers, who send internal memoranda to employees within their own company, are not required to submit these memoranda if they are only tentative and discuss a possibility of, or administrative procedure for, establishing or changing wholesale prices.

Where to Submit Copies of Price Announcements.

When a manufacturer or importer is required to submit a report of new or changed wholesale prices, the copy must be sent to the Assistant Director (Regulatory Enforcement), Attn: Industry Control Division, Bureau of Alcohol, Tobacco and Firearms, Washington, DC 20226.

Additional Copy for ATF Officers. Manufacturers and importers are reminded that, in addition to the copy of the price announcement submitted to the Assistant Director (Regulatory Enforcement), they must maintain a second copy at their business premises for use by ATF officers.

Required Information. Each copy of a price announcement, submitted to ATF or maintained for use by ATF officers, must show either within the announcement or by annotation (1) the date the price announcement was issued; (2) the identity of the company submitting the report; and (3), in the case of manufacturers, the identity of the factory or factories from which removals of the cigars covered by the announcement are made. Factories may be identified either by permit number or by city and state.

Only one copy of the price announcement need be submitted. A covering letter is not necessary. However, the manufacturer or importer must note on the copy maintained at his premises for use by ATF officers the date on which he submitted a copy to the Assistant Director (Regulatory Enforcement).

References. Section 27 CFR 270.202(b), relating to manufacturers, is reproduced below as reference material for this circular. (The provisions of section 27 CFR 275.183, relating to importers, have essentially the same requirements.)

§ 270.202 Reports.

(a)

* * *

(b) *Report of wholesale prices for large cigars.* Every manufacturer of tobacco products who removes large cigars from his factory, and who issues announcements such as those described in this paragraph, shall make a report of each establishment or change of wholesale price (suggested delivered price to retailers) for large cigars. The report shall consist of a copy of each general announcement that the manufacturer issues within his organization or to the trade about establishment or changes of wholesale prices. Only one copy of an announcement need be submitted even if it relates to cigars removed subject to tax from more than one factory. If this copy does not show the actual date when the announcement was issued, or identify the factory or factories from which removals of the cigars covered by the announcement are made, then the copy shall be annotated to show this information. The factory or factories shall be identified either by permit number(s) or by name, city and state. If an intra-organizational announcement involves a forthcoming price change or new product which at the time of issuance is to remain confidential until a later date, the manufacturer may include a statement to this effect on the copy submitted. The copy shall be submitted to the Assistant Director (Regulatory Enforcement), Attn: Industry Control Division, Bureau of Alcohol, Tobacco and Firearms, Washington, D.C. 20226, within five business days after the day issued.

(Sec. 202, Pub. L. 85-859, 72 Stat. 1422 (26 U.S.C. 5722).)

Section 27 CFR 270.185, relating to record retention requirements for manufacturers, is reproduced below. (Record retention requirements for importers, in section 27 CFR 275.22, are essentially the same.)

§ 270.185 Retention of records.

All records required to be kept under this part, including copies of authorizations, claims, inventories, notices, reports, returns, and schedules, shall be retained by the manufacturer for three years following the close of the calendar year in which filed or made, or in the case of an authorization, for three years following the close of the calendar year in which the operation under such authorization is concluded. Such records shall be kept in the factory or a place convenient thereto, and shall be made available for inspection by any internal revenue officer upon his request. (72 Stat. 1423; 26 U.S.C. 5741)

Inquiries. Inquiries concerning this circular should refer to its number and be addressed to the Assistant Director (Regulatory Enforcement), Bureau of Alcohol Tobacco and Firearms, Washington, DC 20226.

Rex D. Davis
Rex D. Davis
Director

GPO 917-613

Department of the Treasury
Bureau of Alcohol, Tobacco and Firearms
Washington, D.C. 20226

Official Business
Penalty for Private Use, \$300

Postage and Fees Paid
Department of the Treasury
Treas 564

